

ORDINANCE NO. O2014-027

AN ORDINANCE of the City Council of the City of Tumwater, Washington, authorizing the acquisition of personal property (80% of city owned street lights and replace multiple HVAC systems and related equipment) and execution of a financing contract and related documentation relating to the acquisition of said personal property.

WHEREAS, the City of Tumwater (the “Local Agency”) has executed a Notice of Intent to the Office of State Treasurer, in the form attached hereto as Exhibit “A” (the “NOI”), in relation to the acquisition of and the financing of the acquisition of the Property, as defined below, under the provisions of RCW 39.94; and

WHEREAS, it is deemed necessary and advisable by the City Council of the Local Agency that the Local Agency acquire the equipment and/or personal property identified on Exhibit “A” attached hereto (“Property”); and

WHEREAS, it is deemed necessary and advisable by the City Council of the Local Agency that the Local Agency enter into a Local Agency Financing Contract with the Office of the State Treasurer, in the form attached hereto as Exhibit “B” (the “Local Agency Financing Contract”), in an amount not to exceed \$1,000,000, plus related financing costs, in order to acquire the Property and finance the acquisition of the Property; and

WHEREAS, the Local Agency will undertake to acquire the Property on behalf of and as agent of the Washington Finance Officers Association (the “Corporation”) pursuant to the terms of the Local Agency Financing Contract, and in accordance with all applicable purchasing statutes and regulations applicable to the Local Agency; and

WHEREAS, the Local Agency desires to appoint the individuals set forth in Exhibit “C” as the representatives of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract (each an “Authorized Agency Representative”);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The individuals holding the offices or positions set forth in Exhibit “C” are each hereby appointed as a representative of the Local Agency in connection with the acquisition of the Property and execution of the Local Agency Financing Contract and all other related documents. One Authorized Agency

Representative shall be required to execute any one document in order for it to be considered duly executed on behalf of the Local Agency.

Section 2. The form of the Local Agency Financing Contract attached hereto as Exhibit "B" is hereby approved and the Authorized Agency Representatives are hereby authorized and directed to execute and deliver the Local Agency Financing Contract, in an amount not to exceed \$1,000,000, plus related financing costs, and in substantially the form attached hereto with such changes as may be approved by the Authorized Representatives for the acquisition of the Property and financing of the acquisition of the Property.

Section 3. The Local Agency hereby authorizes the acquisition of the property as agent of the Corporation in accordance with the terms and provisions of the Local Agency Financing Contract.

Section 4. The Authorized Representatives are hereby authorized to execute and deliver to the Office of State Treasurer all other documents, agreements and certificates, and to take all other action, which they deem necessary or appropriate in connection with the financing of the Property, including, but not limited to, any amendment to the NOI and agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

Section 5. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 6. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 7. This ordinance shall become effective five (5) days after passage and publication as provided by law.

ADOPTED this 16th day of December, 2014.

CITY OF TUMWATER



Pete Kmet, Mayor

ATTEST:

Melody Valiant
Melody Valiant, City Clerk

APPROVED AS TO FORM:

Karen Kirkpatrick
Karen Kirkpatrick, City Attorney

Published: 12-18-2014

Effective Date: 12-23-2014

Notice of Intent

"A"

State of Washington LOCAL(Local Option Capital Asset Lending)

Local Government Information

County: **Thurston**

Legal Name: **City of Tumwater**

MCAG No.: **0759**

Contact Person: **Kristy Wolf**

Title: **Interim Finance Director**

Address: **555 Israel Road S.W., Tumwater, WA 98501**

Zip: **98501**

Phone: **360-754-4130**

Fax: **360-754-4138**

E-mail: **kwolf@ci.tumwater.wa.us**

Would you prefer to receive financing documents (check one):

☒ Already have financing documents

☒ MS Word 6.0 by e-mail

☐ 3.5" disk – Word 97 by U.S. mail

☐ Hard copy by U.S. mail

Property (Real Estate or Equipment)

Property description (include quantity, if applicable): **80% of city-owned street lights, multiple HVAC systems**

Total cost: **\$2,250,000**

Maximum amount to finance: **\$1,000,000**

Finance term: **12 years** Useful life: **25+ years** Desired financing date: **March 1, 2015**

Purpose of property (Please be specific and include dept. of use): **LED energy efficient street lights, replace aging HVAC systems in four buildings.**

If real estate, the Real Estate Worksheet: ☐ Is attached

☐ Will be provided by (date) _ _

If **equipment**, will the property purchase price be paid with: ☐ program proceeds or ☒ general funds to be reimbursed from program proceeds? If general funds are to be used, include a copy of the local agency's reimbursement resolution with the financing documents.

Security Pledge

☐ Voted general obligation of local government.. ☒ Non-voted general obligation of local government

Other Information

Approximate population: (not required for cities and counties).

If any of the following apply, please provide a complete discussion on a separate page:

☒ Yes ☐ No Does the local government use registered warrants, interfund loans or other cash flow borrowing?

☐ Yes ☒ No Is the local government a party to significant litigation?

☐ Yes ☒ No Is this a reimbursement? If yes, date funds spent _ _


We are not required to submit the Credit Form because: **N/A**

Has local government received a bond rating in the last two years? ☒ Yes ☐ No Bond rating(s): **AA**
(attach rating agency letter)

By executing this Notice of Intent, the local agency acknowledges, agrees to and accepts its designation and appointment as the agent of the nominal lessor in connection with the acquisition of the project. By executing this Notice of Intent, the local agency further acknowledges and agrees that certificate counsel and any other special counsel to the state in connection with the authorization, issuance and delivery of the certificates and the related financing documents shall not be acting, and shall not be deemed to act, as counsel to the local agency, nor shall any attorney-client relationship exist or be deemed to exist between such counsel and any participating local agency in connection with such matters.

Submitted by: **Kristy Wolf**

Title: **Interim Finance Director**

Signature: 

Date: **August 19, 2014**

Transaction No._____

**LOCAL AGENCY FINANCING CONTRACT, SERIES 2015A
(Equipment)**

This Local Agency Financing Contract, Series 2015A (the "Agency Financing Contract") is entered into by and between the state of Washington (the "State"), acting by and through the State Treasurer (the "State Treasurer"), and the City of Tumwater, a municipal subdivision of the State (the "Local Agency").

RECITALS

WHEREAS, certain State agencies (as defined in Appendix I hereto, "State Agencies") are authorized to acquire real and personal property used or needed by such State Agencies through Agency Financing Contracts entered into pursuant to Chapter 356, Laws of Washington, 1989, codified as Chapter 39.94 of the Revised Code of Washington (the "RCW"), as supplemented and amended (the "Act"); and

WHEREAS, Chapter 291, Laws of Washington, 1998 supplemented and amended the Act to authorize the State to enter into Agency Financing Contracts on behalf of certain local agencies (as described therein, "Local Agencies"), including the Local Agency, to finance the acquisition of real and personal property by such Local Agencies; and

WHEREAS, the State Treasurer has established a consolidated program providing for the execution and delivery of certificates of participation in such Agency Financing Contracts, or in Master Financing Contracts with respect thereto, in series from time to time in order to provide financing or refinancing for the costs of acquisition of real and personal property by State Agencies and Local Agencies; and

WHEREAS, simultaneously with the execution and delivery hereof, the State is entering into a Master Financing Contract, Series 2015A, dated as of the Dated Date (the "Master Financing Contract") with the Washington Finance Officers Association, a nonprofit corporation duly organized and existing under and by virtue of the laws of the state of Washington (the "Corporation"), to provide financing for the costs of acquisition of certain items of personal property by certain State Agencies and Local Agencies, including the Local Agency, under the terms set forth therein; and

WHEREAS, the State Treasurer and the Local Agency have determined that it is necessary and desirable to enter into this Agency Financing Contract to provide financing or refinancing for the costs of acquisition of certain items of personal property, described in Exhibit B hereto (the "Property"), by the Local Agency; and

WHEREAS, the State Finance Committee has authorized the execution and delivery of this Agency Financing Contract pursuant to Resolution No. 987 adopted on October 7, 2003; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Agency Financing Contract do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute, deliver and perform their respective obligations under this Agency Financing Contract;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other valuable consideration, the Parties hereto mutually agree as follows:

Section 1.1 Defined Terms. Capitalized terms used but not otherwise defined in this Agency Financing Contract shall have the respective meanings given such terms in Appendix I hereto.

Section 1.2 Notice of Intent; Personal Property Certificate; Certificate Designating Authorized Local Agency Representative. The Local Agency has delivered a Notice of Intent to the State Treasurer in the form of Exhibit A attached hereto and incorporated herein by this reference. In order to evidence its acceptance of the Property financed and acquired pursuant hereto, the Local Agency has executed and delivered herewith, or will execute and deliver within 60 days from the Dated Date to the State Treasurer, a Personal Property Certificate in the form of Exhibit B attached hereto and incorporated herein by this reference. The Local Agency has delivered a Certificate Designating Authorized Agency Representatives to the State Treasurer in the form of Exhibit C attached hereto and incorporated herein by this reference. Said Certificate is currently in force and has not been amended, withdrawn or superseded, and the signatures shown thereon are true and correct originals of the signatures of the persons who hold the titles shown opposite their names. The signature of any one of the individuals shown on said Certificate is sufficient to bind the Local Agency under this Agency Financing Contract with respect to any of the undertakings contemplated herein. The terms and provisions set forth in Appendix II hereto are incorporated herein and made a part hereof by this reference.

Section 1.3 Installment Sale and Purchase of Property. The State hereby agrees to sell, assign and convey, and does hereby sell, assign and convey to the Local Agency, and the Local Agency hereby agrees to purchase, acquire and assume, and does hereby purchase, acquire and assume, from the State, all of the State's right, title and interest in and to the Property and all proceeds and profits thereof and therefrom, subject to the security interest created pursuant to Section 2.5 of Appendix II hereof, and the Local Agency agrees to pay in consideration thereof the Purchase Price therefor and interest thereon and the Additional Costs in accordance with Section 1.4 hereof, and all other amounts required to be paid by the Local Agency hereunder, all in accordance with the provisions of this Agency Financing Contract.

Section 1.4 Agency Installment Payments. In consideration of the sale of the Property and the covenants and agreements of the State in this Agency Financing Contract, the Local Agency hereby promises to pay to the State the following amounts at the following times: (a) On each Agency Installment Payment Date, the Agency Installment Payment set forth in Exhibit D hereto, consisting of a Principal Component and/or an Interest Component as set forth in such Exhibit; and (b) All Additional Costs incurred by the State in connection with the sale of the Property to the Local Agency, the execution and delivery of the Certificates, and the observance and performance of the Series 2015A Agreements, within thirty (30) days following receipt of an invoice from the State with respect thereto which includes (i) a brief description of each such Additional Cost, (ii) the party to whom payment is due, (iii) the amount thereof, and (iv) such additional information as the Local Agency may reasonably request.

Section 1.5 Term. The term of this Local Agency Financing Contract shall commence on the Dated Date and shall terminate on the date on which all amounts due hereunder shall have been paid or the payment thereof duly provided for pursuant to Section 4.3 of Appendix II hereof.

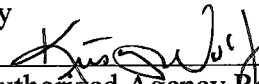
STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER

By

Designated Treasurer Representative

CITY OF TUMWATER
as Local Agency

By



Authorized Agency Representative

APPENDIX I
to
Site Leases
Trust Agreement
Master Financing Contract
Master Financing Lease
Agency Financing Contracts
Financing Leases
Master Assignments
Disclosure Agreement

PART 1.
DEFINITIONS

The following terms shall have the following meanings when used in this Series 200__ Agreement:

Acquisition Costs means all costs incurred by or on behalf of the Corporation, or by the State or any Agency, as agent of the Corporation, on, prior to or after the effective date of the Master Financing Contract in connection with the acquisition of the Property thereunder, and shall include, but not be limited to, (a) the cost of such Property (including, but not limited to, charges for installation, delivery, preparation, testing and similar charges); (b) the expenses of the Corporation, the State Treasurer and any Agency in connection with the acquisition of the Property, including but not limited to the Costs of Issuance; (c) any taxes, assessments and other charges, if any, payable in connection with the acquisition of the Property; and (d) any amounts required to reimburse the Corporation, the State Treasurer or any Agency for advances or payments made prior to the effective date of the Master Financing Contract for any of the above costs.

Acquisition Fund means the "State of Washington Certificates of Participation, Series 200__ Acquisition Fund" established by the State Treasurer pursuant to the Trust Agreement and the Master Financing Contract.

Act means Chapter 365 of the Laws of Washington, 1989, codified as Chapter 39.94 RCW, as supplemented and amended.

Additional Costs means all costs, expenses, insurance premiums, Impositions and other payments, including Administrative Fees and Expenses, that are the obligations of the State Treasurer or the Agency pursuant to the terms of the Master Financing Contract or the Agency Financing Contract, as the case may be.

Additional Rent means all costs, expenses, insurance premiums, Impositions and other payments, including Administrative Fees and Expenses, that are the obligations of the State Treasurer or the Agency pursuant to the terms of the Master Financing Lease or each Financing Lease, as the case may be.

Administrative Fees and Expenses means all application, commitment, financing or similar fees charged, or administrative or other expenses incurred, with respect to the administration and maintenance of the Certificates and the Series 200__ Agreements.

Agency means a State Agency or Local Agency.

Agency Event of Default has the meaning given such term in the related Agency Financing Agreement.

Agency Financing Agreement means each Financing Lease and Agency Financing Contract.

Agency Financing Contract means the Local Agency Financing Contract or the State Agency Financing Addendum.

Agency Interest Component means that portion of each Agency Rent Payment or Agency Installment Payment denominated as and comprising interest as set forth in the Agency Financing Agreement.

Agency Principal Component means that portion of each Agency Rent Payment or Agency Installment Payment denominated as and comprising principal as set forth in the Agency Financing Agreement.

Agency Installment Payments means the installment payments to be made by the Agency as set forth in Exhibit D to the Agency Financing Contract.

Agency Installment Payment Dates means each December 1 and June 1, as specified in the Agency Financing Contracts, on which an Agency Installment Payment is due.

Agency Installment Payment Fund means the fund maintained by the State Treasurer pursuant to the Master Financing Contract.

Agency Payment means each Agency Rent Payment and Agency Installment Payment.

Agency Rent Payments means the rent payments to be made by the Agency as set forth in each Financing Lease.

Agency Rent Payment Dates means each December 1 and June 1, as specified in each Financing Lease, on which an Agency Rent Payment is due.

Agency Rent Payment Fund means the fund maintained by the State Treasurer pursuant to the Master Financing Lease.

Authorized Agency Representative means the natural person (a) designated on the certificate of the Agency in the form set forth in the Agency Financing Agreement and shall include any other officer appointed by the chief elected official or administrative official of the Agency and (b) whose signature is on file with the Fiscal Agent and the Treasurer Representative.

Authorized the Corporation Representative means the President from time to time of the Corporation, unless such President shall have designated another officer of the Corporation, in which case "Authorized the Corporation Representative" shall mean such other officer.

Authorized Denomination means \$5,000 and any integral multiple thereof.

Base Rent Payment means a rent payment to be made by the State Treasurer as set forth in Exhibit A to the Master Financing Lease.

Base Rent Payment Date means each January 1 and July 1, as specified in the Trust Agreement, on which a Base Rent Payment evidenced and represented by the Certificates is due.

Beneficial Owner means any Person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Certificates (including Persons holding Certificates through nominees, depositories or other intermediaries).

Biennium means the fiscal period of the State.

Business Day means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banking institutions located in the state of Washington are authorized or required by law to remain closed, or (iv) a day on which the Principal Office of the Fiscal Agent or the New York Stock Exchange is closed.

Certificate of the State Treasurer, Written Request of the State Treasurer and Written Order of the State Treasurer each mean an instrument in writing signed by a Treasurer Representative.

Certificate Counsel means a firm of attorneys appointed by the State Treasurer of recognized national standing in the field of law relating to the issuance of certificates of participation, bonds and other obligations by states and their political subdivisions, and the exclusion of interest thereon from gross income for federal income tax purposes.

Certificate Fund means the "State of Washington Certificates of Participation, Series 200__ Certificate Fund" established pursuant to the Trust Agreement.

Certificate Register means the records for the registration of the Certificates maintained by the Fiscal Agent.

Certificates means the certificates of participation in the Base Rent Payments and Installment Payments executed and delivered by the Fiscal Agent pursuant to the Trust Agreement in the Initial Principal Amount and designated as the "State of Washington Certificates of Participation, Series 200__."

Closing Date means the date on which the Certificates are delivered to the Underwriter in exchange for payment therefor.

Code means the Internal Revenue Code of 1986, as amended, together with all regulations promulgated by the United States Department of the Treasury thereunder.

Corporation means the Washington Finance Officers Association or any other Washington nonprofit corporation selected by the State Treasurer's Office from time to time, and any successors and permitted assigns thereof, including without limitation the Fiscal Agent as assignee pursuant to the Master Assignment.

Costs of Issuance means administrative expenses, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the preparation, execution and delivery of the Series 200___ Agreements and the Certificates.

Dated Date means the date of initial delivery, expected to be_____, 200_.

Disclosure Agreement means an agreement for ongoing disclosure in compliance with the Rule, dated as of the Dated Date, executed and delivered by the Treasurer Representative and/or by the Authorized Agency Representative with respect to the Certificates.

DTC means The Depository Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Certificates, or any successor or substitute depository for the Certificates.

Event of Default means an Event of Default as set forth in Section 7.1 of the Master Financing Agreements.

Executive Order, for purposes of the Master Financing Agreement, means an order issued by the Governor of the State pursuant to sections 43.88.050 and 43.88.110 RCW, as amended or re-enacted.

Financing Lease means each Local Agency Financing Lease and State Agency Financing Lease Addendum.

Fiscal Agent means The Bank of New York, a banking corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, or any other bank or trust company which may at any time be substituted in its place pursuant to the Trust Agreement.

Fitch means Fitch IBCA, Inc., and its successors and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's and S&P) designated by the Treasurer Representative with the consent of the Fiscal Agent.

Government Obligations means obligations described in paragraph (a) of the definition of Qualified Investments herein.

Impositions means all federal, State and local real and personal property taxes and assessments (including assessments for public improvements), license and permit fees, charges for public utilities, leasehold excise taxes, other excise taxes, levies, use and occupancy taxes, privilege taxes, business and occupation taxes and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and

unforeseen, which are imposed, levied upon or assessed against or which arise with respect to the Property (or any portion thereof), any State Payments, Agency Payments, Prepaid Site Lease Rent or Additional Rent or other sums payable under the Master Financing Agreements, the Agency Financing Agreements or the Site Leases, the leasehold estate created by the Site Leases, the Master Financing Lease or the Financing Leases, or the operation, use or possession of the Property, and all income, gross receipts or similar taxes imposed, levied upon, assessed against or measured by any Agency Payments, State Payments, Prepaid Site Lease Rent, Additional Payments, Additional Rent or other sums payable under the Site Leases, the Master Financing Agreements or the Agency Financing Agreements, and all sales, value added, *ad valorem*, use and similar taxes levied, assessed or payable on account of the leasing, use, possession, control or operation of the Property, and all charges, fees and assessments for utilities, communications and similar services provided to the Property.

Information Services means Financial Information, Inc.'s "Daily Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the SEC, such other addresses and/or such other services providing information with respect to called bonds, as the State Treasurer may designate in a Certificate of the State Treasurer delivered to the Fiscal Agent.

Initial Principal Amount means the aggregate initial Principal Components evidenced and represented by the Certificates as set forth in the Trust Agreement.

Installment Payments means the installment payments to be made by the State as set forth in Exhibit A to the Master Financing Contract.

Installment Payment Date means each January 1 and July 1, as specified in the Trust Agreement, on which an Installment Payment evidenced and represented by the Certificates is due.

Interest Account means the account by that name established pursuant to Section 5.02 of the Trust Agreement.

Interest Component means that portion of each Base Rent Payment or Installment Payment denominated as and comprising interest as set forth in Exhibit A to the Master Financing Agreement.

Interest Payment Date means each January 1 and July 1 on which an Interest Component is due as set forth in the Master Financing Agreement.

Local Agency means any "other agency" as that term is now or hereafter defined in the Act.

Local Agency Financing Contract means each Local Agency Financing Contract, dated as of the Dated Date, by and between the State, acting by and through the State Treasurer, and the Local Agency which is a Party thereto.

Local Agency Financing Lease means each Local Agency Financing Lease, dated as of the Dated Date, by and between the State, acting by and through the State Treasurer, and the Local Agency which is a Party thereto.

Letter of Representation means the blanket issuer letter of representations from the State Treasurer to DTC.

LGIP means the Local Government Investment Pool administered by the Office of the State Treasurer.

Master Assignment means each Master Assignment, Series 200__, from the Corporation to the Fiscal Agent, dated as of the Dated Date, executed and delivered in connection with the Certificates.

Master Financing Agreement means the Master Financing Contract and the Master Financing Lease.

Master Financing Contract means the Master Financing Contract, dated as of the Dated Date, by and between the Corporation and the State, acting by and through the State Treasurer, as supplemented and amended.

Master Financing Lease means the Master Financing Lease, dated as of the Dated Date, by and between the Corporation and the State, acting by and through the State Treasurer, as supplemented and amended.

Moody's means Moody's Investors Service, and its successors and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch and S&P) designated by the Treasurer Representative with the consent of the Fiscal Agent.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Notice of Intent means the Notice of Intent in the form attached to each Agency Financing Contract and Local Agency Financing Lease as Exhibit A.

NRMSIR means a nationally recognized municipal securities information repository as designated by the SEC.

OFM means the State Office of Financial Management established in the Office of the Governor of the State pursuant to Chapter 43.41 RCW, or any successor to the functions of the OFM, charged with responsibility of submitting budgets to the State Legislature.

Opinion of Counsel means a written opinion of Certificate Counsel satisfactory to the State Treasurer and the Fiscal Agent.

Outstanding means all Certificates executed and delivered pursuant to the Trust Agreement, except:

(a) Certificates theretofore canceled by the Fiscal Agent, or delivered to the Fiscal Agent for cancellation;

(b) Certificates for which the payment or prepayment of the Base Rent Payments or Installment Payments evidenced and represented thereby has been made or duly provided for pursuant to Section 4.1(b) of the Master Financing Agreement and Article X of the Trust Agreement; and

(c) Certificates in lieu of or in substitution for which other Certificates have been executed and delivered pursuant to Article II of the Trust Agreement.

Owner means the registered owner of a Certificate as set forth on the Certificate Register.

Parties means, as the context requires, the State, the Corporation, each Agency, and/or the Fiscal Agent.

Paying Agent means any paying agent for the Certificates appointed pursuant to the Trust Agreement.

Permitted Encumbrances means, as of any particular time:

(a) Liens for general *ad valorem* taxes and assessments, if any, that are not then delinquent;

(b) The Site Leases;

(c) The Master Financing Lease;

(d) The Master Assignment;

(e) The Financing Leases;

(f) Any right or claim of any mechanic, laborer, materialmen, supplier or vendor filed or perfected in the manner provided by law;

(g) Easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions or restrictions which (i) exist of record as of the Dated Date and which the respective Agency certifies in writing will not materially impair the use of the Property by such Agency, and (ii) arise thereafter and to which the State Treasurer and the Corporation consent in writing; and

(h) Exceptions shown on the respective title insurance policies issued with respect to the Property as of the date of execution and delivery of the Certificates.

Permitted Termination Date means with respect to a Permitted Termination Event occurring as a result of an election by the State Legislature not to appropriate, the end of the last Biennium for which funding has been provided; or, with respect to a Permitted Termination Event occurring as a result of an Executive Order reduction in funding, the end of the last month for which funding is available to pay Agency Payments due from State Agencies.

Permitted Termination Event means, with respect to a State Agency: (a)(i) sufficient funds have not been appropriated within any biennial budget for the purpose of paying Agency Rent Payments in the next occurring Biennium or, (ii) the Governor of the State has issued an Executive Order mandating an emergency reduction in State funding; and (b) the Treasurer Representative has delivered written notice to the Fiscal Agent, within five (5) Business Days following the enactment of such budget or within thirty (30) days following such an emergency reduction in State funding, as the case may be, describing the election not to appropriate the necessary funds or the insufficiency of funds as a result of an emergency reduction in funding and stating the Permitted Termination Date.

Person or persons means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Prepaid Site Lease Rent has the meaning given such term in Section 4 of each Site Lease.

Personal Property Certificate means the Personal Property Certificate (in the form set forth as Exhibit B to the Local Agency Financing Contract and State Agency Financing Addendum) delivered by the Agency to the State Treasurer with respect to items of Property.

Prepayment Account means the account by that name established pursuant to Section 5.02 of the Trust Agreement.

Prepayment Date means each date, other than a Principal Payment Date, on which Principal Component evidenced and represented by the Certificates is to be prepaid.

Prepayment Price means the price payable pursuant to each Master Financing Agreement upon any optional or mandatory prepayment of Principal Components evidenced and represented by the Certificates.

Principal Account means the account by that name established pursuant to Section 5.02 of the Trust Agreement.

Principal Component means that portion of each Base Rent Payment or Installment Payment denominated as and comprising principal as set forth in Exhibit A to each Master Financing Agreement.

Principal Office means, with respect to the State Treasurer, the office in Olympia, Washington, designated in writing by the State Treasurer to the Fiscal Agent, and, with respect to the Fiscal Agent, the corporate trust office of the Fiscal Agent located in New York, New York, designated in writing by the Fiscal Agent to the State Treasurer.

Principal Payment Date means each January 1 and July 1 on which a Principal Component is due as set forth in Exhibit A to the Master Financing Agreement.

Project means the improvements acquired or constructed on each Site, if any, pursuant to each respective Financing Lease.

Project Costs means all costs incurred by or on behalf of the Corporation, or the State or the Agency, as agent of the Corporation, on, prior to or after the effective date of the Master Financing Lease in connection with the acquisition or construction of the Property or the Project thereunder, as applicable, and shall include, but not be limited to, (a) the cost of such Property or the Project (including, but not limited to, charges for design, testing and similar charges); (b) the expenses of the State Treasurer and the Agency in connection with the acquisition or construction of the Property or the Project, including but not limited to the Costs of Issuance; (c) any taxes, assessments and other charges, if any, payable in connection with the acquisition or construction of the Property or the Project; and (d) any amounts required to reimburse the State Treasurer or the Agency for advances or payments made prior to the effective date of the Master Financing Lease for any of the above costs.

Project Fund means the "State of Washington Certificates of Participation, Series 200__ Project Fund" established by the State Treasurer pursuant to the Trust Agreement and the Master Financing Lease.

Property means, (i) with respect to each Financing Lease, the Site and the Project leased by the State Treasurer to the Agency, and, with respect to the Master Financing Lease, means collectively all of such Property, and (ii) collectively, all personal property the Acquisition Costs of which are being financed or refinanced pursuant to the Master Financing Contract, as set forth in Exhibit B to the Master Financing Contract, together with all replacements parts, repairs, additions, attachments and accessories thereof, therefor and thereto, licenses, permits and capitalized maintenance agreements with respect thereto, and any replacements of or substitutes therefor as permitted by the Agency Financing Contracts.

Purchase Price means the aggregate amount of the Principal Components of the Installment Payments with respect to the Property, as set forth in Exhibit A to the Master Financing Contract.

Qualified Investments shall include the following:

(a) Any securities (including obligations held or issued in book-entry form on the books of the Department of the Treasury of the United States of America) which constitute direct obligations of, or the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America;

(b) Federal Home Loan Bank Bonds and Discount Notes; Federal National Mortgage Association Bonds and Discount Notes; Federal Farm Credit Banks Consolidated System-Wide Bonds and Discount Notes; Federal Home Loan Mortgage Corporation Bonds and Discount Notes; Government National Mortgage Association Bonds; Student Loan Marketing Association Bonds and Discount Notes; Small Business Administration Bonds; Export-Import Bank Bonds; Maritime Administration Bonds; and Obligations of any other Government Sponsored

Corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System;

(c) Bankers acceptances, which are eligible for purchase by the Federal Reserve System, drawn on and accepted by a commercial bank (which may include the Fiscal Agent) having a combined capital and surplus of not less than \$100,000,000, which bank has at the time of investment one of the two highest ratings of a Rating Agency;

(d) Commercial paper having original maturities of not more than 365 days which has at the time of investment one of the two highest ratings of a Rating Agency, which is issued by a corporation organized and operating in the United States with total assets in excess of \$100,000,000;

(e) Bonds of the State and any local government in the State, which bonds have at the time of investment one of the three highest credit ratings of a Rating Agency;

(f) General obligation bonds of a state other than the State and general obligation bonds of a local government of a state other than the State, which bonds have at the time of investment one of the three highest credit ratings of a Rating Agency;

(g) Any investments authorized by law for the State Treasurer or any local government of the State;

(h) Shares of money market funds with portfolios consisting of only U.S. Treasury and agency securities or repurchase agreements, which have at the time of investment one of the three highest ratings of a Rating Agency;

(i) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Fiscal Agent) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (a) or (b) above;

(j) The LGIP; and

(k) Any other legal investment for funds held by the State Treasurer.

RCW means the Revised Code of Washington, as supplemented and amended.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Rebate Fund means the "State of Washington Certificates of Participation, Series 200__ Rebate Fund" which may be established pursuant to the Master Financing Agreements.

Rebate Requirement has the meaning given to such term in the Tax Certificate.

Record Date means the 15th day of the month immediately preceding each Interest Payment Date and Principal Payment Date.

Resolution means Resolution No. 987 adopted by the State Finance Committee on October 7, 2003.

Rule means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC means the Securities and Exchange Commission.

SID means a state information depository for the state of Washington, if any.

S&P means Standard & Poor's Ratings Group, and its successors and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch and Moody's) designated by the Treasurer Representative with the consent of the Fiscal Agent.

Securities Depositories means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; or, in accordance with then-current guidelines of the SEC, such other addresses and/or such other securities depositories as the State Treasurer may designate in a Certificate of the State Treasurer delivered to the Fiscal Agent.

Series 200__ Agreement means, as the context requires, the Trust Agreement, the Site Leases, the Master Financing Agreements, the Agency Financing Agreements, the Master Assignments or the Disclosure Agreement, and collectively means all such agreements in connection with the Certificates.

Site means the real property legally described in Exhibit A to the Site Lease, including the improvements thereon as of the Dated Date.

Site Lease means each Site Lease, dated as of the Dated Date, by and between the Agency and the Corporation for the lease of a parcel or parcels of the Property by the Agency to the Corporation.

State means the state of Washington.

State Agency means any state agency permitted to enter into financing contracts under the Act.

State Agency Financing Addendum means each State Agency Financing Addendum to the Master Financing Contract, dated as of the Dated Date, executed by the Treasurer Representative and the State Agency.

State Agency Financing Lease Addendum means each State Agency Financing Lease Addendum to the Master Financing Lease, dated as of the Dated Date, executed by the Treasurer Representative and the State Agency.

State Finance Committee means the state finance committee as constituted from time to time pursuant to Chapter 43.33 RCW.

State Legislature means the Legislature of the state of Washington.

State Payment means each Installment Payment and each Base Rent Payment.

State Reimbursement Rate means the average rate of return on the LGIP over the period the reimbursement payment by the Agency to the State Treasurer is delinquent, as determined by the State Treasurer, which determination shall be binding and conclusive against the Agency absent manifest error.

State Sublease Termination Date has the meaning given such term in the Master Financing Lease.

State Treasurer means the Treasurer of the state of Washington.

Supplemental Agreement means any agreement duly authorized and entered into following the Closing Date between or among the State Treasurer, the Corporation, and the Fiscal Agent (in the case of the Trust Agreement, the Master Financing Agreements, or the Master Assignments), or the Agency (in the case of the Agency Financing Agreements or the Site Leases) supplementing, modifying or amending the Trust Agreement, a Site Lease, a Master Financing Agreement, a Master Assignment or an Agency Financing Agreement.

Tax Certificate means the Tax Certificate and Agreement executed and delivered by the Treasurer Representative and/or Authorized Agency Representatives regarding compliance with applicable provisions of the Code in connection with the Site Leases, the Master Financing Agreements, the Agency Financing Agreements and the Certificates.

Term Certificates means the Certificates identified as such in the Trust Agreement.

Toxic or Hazardous Substances shall be interpreted broadly to include, but not be limited to, any material or substance that is defined or classified under federal, State or local laws as: (a) a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601(14) or Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, each as now or hereafter amended; (b) a "hazardous waste" pursuant to Section 1004 or Section 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6903, 42 U.S.C. § 6921, as now or hereafter amended; (c) a toxic pollutant under Section 307(1)(a) of the Federal Water Pollution Control Act, 33 U.S.C. § 1317(1)(a); (d) a "hazardous air pollutant" under Section 112 of the Clean Air Act, 42 U.S.C.

§ 7412, as now or hereafter amended; (e) a “hazardous material” under the Hazardous Material Transportation Act, 49 U.S.C. § 1802(2), as now or hereafter amended; (f) toxic or hazardous pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (g) presenting a risk to human health or the environment under other applicable federal, State or local laws, ordinances, or regulations, as now or as may be posed or promulgated in the future. “Toxic or Hazardous Substances” shall also mean any substance that after release into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer or genetic abnormalities. “Toxic or Hazardous Substances” specifically includes, but is not limited to, asbestos, polychlorinated biphenyls (PCBs), petroleum and petroleum-based derivatives, flammable explosives, radioactive materials and urea formaldehyde.

Treasurer Representative means the State Treasurer, the Assistant State Treasurer or the Deputy State Treasurer of the State, and shall include any other natural person who at the time and from time to time may be designated by a Certificate of the State Treasurer delivered to the Party relying thereon. Such Certificate shall contain the specimen signature of such person, and shall be signed on behalf of the State by the State Treasurer, the Assistant State Treasurer or the Deputy State Treasurer.

Trust Agreement means the Trust Agreement, dated as of the Dated Date, by and among the State Treasurer, the Corporation and the Fiscal Agent, as supplemented and amended in accordance therewith.

Underwriter means the original purchaser of the Certificates.

PART 2. RULES OF CONSTRUCTION

The following rules of construction shall apply to this Series 200__ Agreement:

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles, sections and subsections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions hereof.

(d) In this Series 200__ Agreement, the words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” (except in the form of the Certificates) refer to this entire Series 200__ Agreement.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the Agency or by the State or the State Treasurer shall, unless the form thereof is specifically provided, be in writing signed by the Authorized Agency Representative or the Treasurer Representative, respectively.

(f) References to "principal and/or interest evidenced and represented by the Certificates" shall be deemed to refer to undivided proportionate interests in the Principal Components and Interest Components evidenced and represented by the Certificates.

PART 3. MISCELLANEOUS PROVISIONS

The following provisions shall apply to this Series 200__ Agreement:

(a) **No Personal Recourse.** No director, officer, agent or employee, past, present or future, of the State, the Corporation, any Agency or the Fiscal Agent, or of any successor body thereto, shall be individually or personally liable for the payment of the State Payments or the Agency Payments, or any Additional Costs or other obligations, or for the observance or performance of any other covenants or agreements, under this Series 200__ Agreements or the Certificates, including but not limited to the payment of the principal, Prepayment Price, or interest evidenced and represented by the Certificates, and each Party hereby releases each and every such person from any such liability; but nothing in this paragraph shall relieve any such Person from the performance of any official duty provided hereby or thereby or by any applicable provision of law.

(b) **Notices.** All written notices, requests, directions and demands to be given under this Series 200__ Agreement shall be given in person or by registered mail or overnight courier delivery to the Party entitled thereto at its address set forth below, or at such other address as such Party may provide to the other Parties in writing from time to time:

To the Corporation:	Washington Finance Officers Association 2601 Forth Avenue, Suite 800 Seattle, WA 98121-1280 Attn: President Telephone: (206) 625-1300 Telecopy: (206) 625-1220
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To the Fiscal Agent:	The Bank of New York 101 Barclay Street - 21W New York, NY 10286 Telephone: (212)815-5120 Telecopy: (212) 815-5120
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To the Agencies: *To the address specified in the respective Financing Lease, Local Agency Financing Contract and/or State Agency Financing Addendum*

With a copy to: The State Treasurer

To the State Treasurer: Office of the State Treasurer
State Legislative Building
P.O. Box 40200
Olympia, Washington 98504
Attention: State Treasurer
Telephone: (360) 902-9000
Telecopy: (360) 902-9044

The Parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless otherwise specifically required by the context of this Series 200__ Agreement, any notices required to be given hereunder to any Party may be given by any form of electronic transmission capable of producing a written record. Each such Party shall file with the other Parties information appropriate to receiving such form of electronic transmission. A duplicate copy of each notice, request, direction, demand or other communication given hereunder to any one Party shall also be given to the other Parties.

(c) ***Waiver of Notice.*** Except as otherwise provided herein, whenever in this Series 200__ Agreement the giving of notice is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(d) ***Successors and Assigns.*** Whenever any Party to this Series 200__ Agreement or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in such Party or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of such Party or any officer thereof shall bind and inure to the benefit of the respective successors and permitted assigns thereof whether so expressed or not.

(e) ***Limitation of Rights.*** All the covenants, agreements, terms and conditions in this Series 200__ Agreement to be observed or performed by or on behalf of the State Treasurer, the Corporation, each Agency, the Fiscal Agent or any Paying Agent shall be for the sole and exclusive benefit of the other Parties hereto, whether so expressed or not, and nothing contained herein, express or implied, is intended to or shall give any other Person other than the State Treasurer, the Corporation, each Agency, the Fiscal Agent and the Paying Agents any legal or equitable right, remedy or claim hereunder.

(f) **Counterparts.** This Series 200__ Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

(g) **Applicable Law; Venue; Time of the Essence.** This Series 200__ Agreement and the rights and obligations hereunder of the Parties hereto shall be governed by and construed in accordance with the laws of the State. Time is of the essence in the performance of the obligations under this Series 200__ Agreement. Venue for any action brought under this Series 200__ Agreement shall be had in the Superior Court of Thurston County, and the Parties hereby stipulate to such venue.

(h) **Payments Due on Non-Business Days.** If the date for making any payment, or the last date for the performance of any act or forbearance therefrom or the exercise of any right, as provided in this Series 200__ Agreement, shall be a date other than a Business Day, then such payment may be made, such act performed or forbearance observed, or such right exercised on the next succeeding day which is a Business Day with the same force and effect as if done on the date otherwise provided in this Series 200__ Agreement. No additional interest on any such payment shall accrue for the period until such next succeeding Business Day except as otherwise provided in this Series 200__ Agreement.

(i) **No Joint Venture.** It is not intended by this Series 200__ Agreement to, and nothing contained in this Series 200__ Agreement shall, create any partnership, joint venture or other arrangement between or among the State Treasurer, the Corporation and the Agency. No term or provision of the Agency Financing Agreement is intended to be, or shall be, for the benefit of any Person other than the Parties thereto, nor shall any such other Person have any right or cause of action thereunder.

(j) **Partial Invalidity.** If any term, covenant, agreement or provisions of this Series 200__ Agreement or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable by any court of competent jurisdiction, the remainder of this Series 200__ Agreement, or the application of such term, covenant, agreement or provisions to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, agreement or provision of this Series 200__ Agreement shall continue to be valid and enforceable as against the Parties hereto. The Parties to this Series 200__ Agreement hereby declare that they would have executed and delivered this Series 200__ Agreement and each and every article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any Person or circumstances may be held to be unconstitutional, unenforceable or invalid.

(k) **No Merger.** In no event shall (a) the leasehold interest, estate or rights of the Corporation as lessee under any Site Lease, (b) the rights of the Fiscal Agent or the Owner of any Certificate under the Master Assignment or the Trust Agreement, (c) the leasehold interest, estate or rights of the State as lessee under the Master Financing Lease, and (d) the leasehold interest, estate or rights of the Agency as lessee under the Financing Lease, merge with (x) any right or interest of the Agency as the lessor under such Site Lease, it being expressly understood that the leasehold interest, estate and rights of the Agency as lessee under the Financing Lease

shall be deemed to be separate and distinct from the Agency's interest, estate and rights as lessor under such Site Lease, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same Person.

PART 4.
SUPPLEMENTAL AGREEMENTS

(a) ***Amendments and Supplements Without Owners' Consent.*** This Series 200__ Agreement may be amended or supplemented at any time and from time to time by a Supplemental Agreement, signed by the Parties hereto and consented to by the State Treasurer, without notice to or the consent of the Owners, upon receipt by the Parties hereto and the State Treasurer of an Opinion of Counsel to the effect that (i) the Supplemental Agreement is permitted by this Series 200__ Agreement; (ii) such Supplemental Agreement will not have a material adverse effect on the interests of Owners of the Certificates; and (ii) such Supplemental Agreement shall not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Component evidenced and represented by the Certificates. No Supplemental Agreement which affects the rights, duties or responsibilities of a Party shall be entered into or effective without the prior written consent of that Party.

(b) ***Amendments and Supplements with Owners' Consent.*** In addition to the authority granted under paragraph (a) of this Part 4, this Series 200__ Agreement may be amended from time to time by a Supplemental Agreement approved by the Owners of a majority in aggregate Principal Component of the Certificates then Outstanding; *provided*, that no amendment or supplement shall be entered into or effective which affects the rights of some but fewer than all the Outstanding Certificates without the consent of the Owners of the Certificates so affected.

(c) ***Fiscal Agent Authorized to Join in Amendments and Supplements; Reliance on Counsel.*** The Fiscal Agent is authorized to join with the Parties in the execution and delivery of any Supplemental Agreement as permitted by this Part and in so doing shall be fully protected by an Opinion of Counsel that such Supplemental Agreement is so permitted.

(d) ***Effect of Supplement or Amendment.*** Upon the execution and delivery of any Supplemental Agreement, this Series 200__ Agreement shall be, and be deemed to be, modified, supplemented and amended in accordance therewith, and the respective rights, duties and obligations under this Series 200__ Agreement of the Parties hereto and all Owners shall thereafter be determined, exercised and enforced under this Series 200__ Agreement subject in all respects to such Supplemental Agreement.

APPENDIX II
LOCAL AGENCY FINANCING CONTRACT, SERIES 200__
(Personal Property)
(General Obligation/Nonvoted)

ARTICLE I
DEFINITIONS; CONSTRUCTION; MISCELLANEOUS PROVISIONS; SUPPLEMENTS

Section 1.1. Definitions, Construction, Miscellaneous Provisions, Supplements. Capitalized terms used but not otherwise defined in this Agency Financing Contract shall have the respective meanings given such terms in Part 1 of Appendix I of this Agency Financing Contract, which is incorporated herein and made a part hereof by this reference. This Agency Financing Contract shall be construed in accordance with the Rules of Construction set forth in Part 2 of Appendix I of this Agency Financing Contract, which is incorporated herein and made a part hereof by this reference. The miscellaneous provisions set forth in Part 3 of Appendix I are incorporated herein and made a part hereof by this reference. This Agency Financing Contract may be supplemented and amended from time to time in accordance with Part 4 of Appendix I of this Agency Financing Contract, which is incorporated herein and made a part hereof by this reference.

Section 1.2. Performance by Representatives. Any authority granted or duty imposed upon the State Treasurer or the State hereunder may be undertaken and performed by the Treasurer Representative. Any authority or duty imposed upon the Local Agency hereunder may be undertaken and performed by the Authorized Agency Representative.

ARTICLE II
SALE AND PURCHASE OF PROPERTY

Section 2.1. Conditional Sales Contract; Master Financing Contract.

(a) *Conditional Sales Contract.* This Agency Financing Contract shall constitute a “conditional sales contract” and a “Agency Financing Contract” within the meaning of the Act.

(b) *Master Financing Contract.* The Local Agency acknowledges and agrees that this Agency Financing Contract is subject and subordinate in all respects to the terms and provisions of the Master Financing Contract.

Section 2.2. Appointment of Agents; Acquisition of Property.

(a) *Appointment of Agents.* The Local Agency hereby ratifies, approves and confirms, and accepts and agrees to, its designation and appointment as agent of the Corporation in connection with the acquisition of the Property.

(b) *Acquisition of Property.* The Local Agency hereby agrees that (i) it has caused or will cause the Property to be acquired, as agent for the Corporation, with all reasonable dispatch;

(ii) it will make, execute, acknowledge and deliver any contracts, agreements, orders, receipts, documents, writings or instructions with or to any Person and do all other things that may be necessary or desirable to acquire the Property; and (iii) it will pay or cause to be paid the Costs of Acquisition of the Property from funds available to it pursuant to this Agency Financing Contract and the Master Financing Contract. The appointment of the Local Agency to act as agent of the Corporation in connection with the acquisition of the Property is made and conferred irrevocably by the Corporation, and shall not be terminated by any act of the Local Agency, the State Treasurer or otherwise.

The Local Agency shall negotiate or call for bids for the purchase of the Property in accordance with the requirements and limitations, if any, imposed by State or local law with respect to the purchase of such Property by such Local Agency. It is intended by the Parties hereto that neither the Corporation nor the State shall have any responsibility, liability or obligation with respect to the selection or procurement of any of the Property.

(c) *Revision and Substitution of Property.* The Local Agency, with the prior written consent of the State Treasurer, may revise any item of Property to be financed or refinanced and acquired pursuant hereto, or the description thereof; *provided*, that (i) such item of Property as so revised shall satisfy the requirements under this Agency Financing Contract and the Master Financing Contract with respect to the substitution of Property previously acquired; (ii) the Costs of Acquisition of such item of Property shall not be materially reduced thereby; and (iii) any such revision shall not relieve the Local Agency of its obligation to acquire the Property in accordance herewith and with the Master Financing Contract.

After acquisition of an item of Property, the Local Agency, with the prior written consent of the State Treasurer, may substitute for an item of Property acquired pursuant to this Agency Financing Contract other personal property by filing with the State Treasurer (i) a certificate of the Agency stating that such substitute Property (A) has a remaining useful life equal to or greater than the Property for which it is being substituted; (B) has a fair market value equal to or greater than the fair market value of the item of Property for which it is being substituted; (C) is free and clear of all liens and encumbrances except a first priority security interest in favor of the Fiscal Agent, as assignee of the Corporation, under the Master Financing Contract; (D) is of equal usefulness and value as the Property for which it is being substituted; (E) is essential to the Agency's ability to carry out its governmental functions and responsibilities; and (F) is expected to be used by such Agency immediately and for the term of this Agency Financing Contract; and (ii) an Opinion of Counsel to the effect that such substitution will not cause interest evidenced and represented by the Certificates to be includable in gross income for federal income tax purposes under the Code.

Section 2.3. Acquisition Fund. Pursuant to the Trust Agreement, the State Treasurer shall establish the Acquisition Fund and make disbursements therefrom in accordance with the provisions thereof and of the Master Financing Contract to pay the Acquisition Costs of the Property on behalf of the Corporation. A portion of the proceeds of the sale of the Certificates shall be deposited in the Acquisition Fund. Moneys on deposit in the Acquisition Fund shall be invested by the State Treasurer as provided in the Trust Agreement. Disbursements from the Acquisition Fund shall be made as provided in the Trust Agreement. The amount allocable to each Agency shall be established by the State Treasurer and shall be an amount not to exceed to

the Acquisition Costs of its respective Property. The Local Agency shall file requisitions with the State Treasurer for the Acquisition Costs of the Property or reimbursement therefor in such form as the State Treasurer shall reasonably require.

If moneys in the Acquisition Fund allocable to the Local Agency shall not be sufficient to pay the Acquisition Costs of the Property in full, the Local Agency shall cause the Acquisition Costs of such Property in excess of the allocable amount in the Acquisition Fund to be paid from other moneys of such Local Agency. Neither the State Treasurer nor the Corporation makes any representation or warranty, either express or implied, that the moneys which will be deposited into the Acquisition Fund allocable to the Local Agency will be sufficient to pay the Acquisition Costs of the Property. The State Treasurer and the Corporation shall have no obligation or liability for the payment of the Acquisition Costs of the Property other than from the proceeds of the Certificates and any other amounts that may be provided by the Local Agency. If the Local Agency shall pay or cause the payment of any Acquisition Costs in excess of the allocable amounts in the Acquisition Fund available for such purpose from other funds, the Local Agency shall not be entitled to any reimbursement from the State Treasurer or the Corporation for such payments, nor shall the Local Agency be entitled to any diminution, reduction, abatement, postponement, counterclaim, defense or set-off of the Agency Installment Payments, Additional Costs or other amounts otherwise required to be paid hereunder.

The Fiscal Agent, as assignee of the Corporation, shall have no responsibility, liability or obligation under the Master Financing Contract or otherwise with respect to the acquisition of the Property or payment of the Acquisition Costs thereof.

Section 2.4. Title to the Property. All right, title and interest in and to the Property shall transfer to and be vested in the Local Agency from the State without any further action by the Local Agency or the State immediately upon the acquisition thereof or reimbursement to the Local Agency for the Acquisition Costs thereof; *provided*, that the State Treasurer and the Local Agency shall take such action and execute such documents (including without limitation bills of sale and other title documents) as may be deemed necessary or desirable by the State Treasurer or the Local Agency to evidence and confirm such transfer of title pursuant to this Agency Financing Contract.

Title to any and all additions, modifications, improvements, repairs or replacements to the Property shall be vested in the Local Agency, subject to the security interest of the Corporation until payment of all amounts due and owing with respect to such Property under this Agency Financing Contract.

Any Property constituting a motor vehicle subject to registration with the State Department of Licensing shall be registered with the Local Agency as the registered and legal owner thereof.

Section 2.5. Security Interests.

(a) *State Security Interest.* In order to secure the payment and performance by the State of its obligations under the Master Financing Contract, the State has pledged, granted, assigned and conveyed to the Corporation a lien on and security interest in all right, title and

interest of the State, whether now owned or hereafter acquired, in and to the Property and this Agency Financing Contract, including without limitation the Agency Installment Payments and all proceeds thereof. The Local Agency acknowledges and agrees to such pledge, grant, assignment and conveyance, and hereby acknowledges that its right, title and interest in and to the Property is subject to such first priority lien and security interest.

(b) *Local Agency Security Interest.* In order to secure the payment and performance by the Local Agency of its obligations under this Agency Financing Contract, the Local Agency hereby pledges, grants, assigns and conveys to the Corporation a lien on and security interest in all right, title and interest of the Local Agency, whether now owned or hereafter acquired, in and to the Property. Accordingly, this Agency Financing Contract constitutes a security agreement. The Local Agency acknowledges and agrees that each provision of this Agency Financing Contract is also a provision of the security agreement.

The Local Agency further agrees that the Corporation may: (i) commingle Property which comes into its possession; (ii) re-pledge such Property upon terms which impair the Local Agency's right to redeem such Property; and (iii) require the Local Agency to assemble the Property and make it available to the Corporation in a manner which is reasonably convenient to both Parties. To the extent the Corporation is required for any reason to provide commercially reasonable notice to the Local Agency, the State agrees that notice mailed by first class mail five days before the event of which notice is given is commercially reasonable notice. The standard by which the Corporation's rights and duties with respect to such security agreement shall be measured is gross negligence or willful misconduct.

If required by the Corporation or the Fiscal Agent, as assignee of the Corporation, at any time during the term of this Agency Financing Contract, the Local Agency will execute and deliver to the Corporation or the Fiscal Agent, as the case may be, in form satisfactory to the Corporation or the Fiscal Agent, such security agreements, financing statements and/or other instruments covering the Property and all accessions thereto.

Section 2.6. Disclaimer of Warranties. The Local Agency acknowledges and agrees that the Property is of a nature, size, design and capacity selected by the Local Agency pursuant to its own specifications, and not by the State or the Corporation, and that neither the State nor the Corporation is a manufacturer, supplier or a vendor of such Property. THE STATE AND the Corporation MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITY, LIABILITY OR OBLIGATION, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR AS TO THE TITLE THERETO, OR FOR THE ENFORCEMENT OF THE MANUFACTURERS', SUPPLIERS' OR VENDORS' REPRESENTATIONS, WARRANTIES OR GUARANTIES, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE STATE OR the Corporation BE LIABLE OR RESPONSIBLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGENCY FINANCING CONTRACT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR USE BY THE LOCAL AGENCY OF THE PROPERTY.

The State hereby grants, assigns and conveys to the Local Agency during the term hereof, for so long as no Agency Event of Default, Event of Default or other event permitting termination of this Agency Financing Contract has occurred and is continuing hereunder, all representations, warranties and guaranties, if any, express or implied, with respect to the Property from the manufacturers, suppliers and vendors thereof, subject, however, to a reservation by the State and the Corporation of a right to independently enforce such warranties and guaranties.

No officer, employee or agent of any manufacturer, supplier or vendor is authorized to waive or alter any term or condition of this Agency Financing Contract, and no manufacturer, supplier or vendor shall in any way affect the Local Agency's duty to pay and perform its obligations as set forth in this Agency Financing Contract.

ARTICLE III AGENCY INSTALLMENT PAYMENTS; PAYMENTS BY STATE TREASURER; FULL FAITH AND CREDIT OBLIGATION

Section 3.1. Agency Installment Payments. Each Agency Installment Payment shall consist of a Principal Component and/or an Interest Component as set forth in Exhibit D to this Agency Financing Contract. Interest shall accrue and be calculated as determined by the State Treasurer, which determination shall be binding and conclusive against the Local Agency absent manifest error. Each Agency Installment Payment payable hereunder shall be paid to or upon the order of the State Treasurer at such place as the State Treasurer shall direct in writing not less than ten (10) Business Days prior to the Agency Installment Payment Date by electronic funds transfer in lawful money of the United States of America. Payments of Additional Costs shall be made to or upon the order of the State Treasurer. Each Agency Installment Payment shall be applied first to the Interest Component due hereunder, and then to the Principal Component due hereunder.

Section 3.2. Sources of Payment of Agency Installment Payments.

(a) *Local Agency Financing Contract.* The Local Agency hereby acknowledges and agrees that the State is acquiring the Property from the Corporation for and on behalf of the Local Agency. Concurrently with the execution hereof, the State shall execute and deliver the Master Financing Contract pursuant to which the State shall agree to make Installment Payments for the acquisition of the Property for and on behalf of the respective Agencies, at such times and in such amounts as provided therein, which will be sufficient in the aggregate to pay the Purchase Price of the Property to be acquired by the State for and on behalf of the Local Agency, together with all other personal property to be acquired for and on behalf of the other Local Agencies and the State Agencies, and interest thereon.

That portion of the Installment Payments that is allocable to the Purchase Price of the Local Agency Property and interest thereon shall be payable by the State solely from Agency Installment Payments to be made by the respective Local Agencies, including the Local Agency, except as otherwise provided in the Master Financing Contract. The obligation of the Local Agency to make its Agency Installment Payments shall be a direct and general obligation of the Local Agency to which the full faith and credit of such Local Agency is hereby pledged. The

State shall not be obligated to pay that portion of the Installment Payments that is allocable to the Purchase Price of the Local Agency Property and interest thereon other than from Agency Installment Payments paid by the respective Local Agencies, except as otherwise provided in the Master Financing Contract.

(b) *Intercept of Local Agency Share of State Revenues.* In the event that the Local Agency fails to make any payment due under this Agency Financing Contract, the State Treasurer shall withhold an amount sufficient to make such payment from the Local Agency's share of State revenues or other amounts authorized or required by law to be distributed by the State to the Local Agency, including but not limited to leasehold excise taxes, sales and use taxes, excise taxes, property taxes, and liquor control board receipts; *provided*, that the use of any such revenues or amounts to make such payments is otherwise authorized or permitted by State law. Such withholding shall continue until all such delinquent payments have been made. Amounts withheld by the State Treasurer shall be applied to make any such payment due under this Agency Financing Contract on behalf of the Local Agency, or to reimburse the State Treasurer for any such payment made pursuant to Subsection 3.2(c) hereof. The Local Agency hereby authorizes, approves and consents to any such withholding.

(c) *Conditional Payment of Local Agency Installment Payments.* Upon the failure of the Local Agency to make any Agency Installment Payment at such time and in such amount as required pursuant to this Agency Financing Contract, the State Treasurer shall, to the extent of legally available appropriated funds and subject to any Executive Order reduction, make such payment into the Agency Installment Payment Fund, defined below, on behalf of such Local Agency within ten (10) Business Days after such Agency Installment Payment Date. The Local Agency shall reimburse the State for such payments made on its behalf immediately thereafter and in any case not later than ten (10) Business Days after such Agency Installment Payment Date, together with interest thereon at a rate equal to the State Reimbursement Rate. Anything herein to the contrary notwithstanding, failure of the Local Agency to reimburse the State for any such payment shall not constitute an Agency Event of Default hereunder, but the State may institute such legal action and pursue such other remedies against the Local Agency as the State deems necessary or desirable, including, but not limited to, actions for specific performance, injunction and/or the recovery of damages.

(d) *Payments by Local Agency Treasurer.* The treasurer of the Local Agency is hereby authorized and directed to establish and/or maintain a special fund in the "bonds payable" category of accounts of the Local Agency for the purposes of paying the Local Agency's Agency Installment Payments and Additional Costs. The treasurer of the Local Agency is hereby further authorized and directed to remit each payment of Agency Installment Payments to the State Treasurer or its assignee on each Agency Installment Payment Date and any Additional Costs when due hereunder. Such payment shall be made from any legally available funds of the Local Agency.

Section 3.3. Deposit and Investment of Agency Installment Payments. The Local Agency hereby acknowledges and agrees that the Agency Installment Payments shall be deposited in a special fund or funds maintained by the State Treasurer (the "Agency Installment Payment Fund"). Payments of Agency Installment Payments from State Agencies shall be separately accounted for from payments from Local Agencies. The Agency Installment

Payments due on each Agency Installment Payment Date shall be at least sufficient, in the aggregate, to make the Installment Payment next coming due under the Master Financing Contract. Amounts in the Agency Installment Payment Fund, including investment earnings thereon, shall be used and applied, *first*, to make the Installment Payment next coming due, *and thereafter*, but prior to the next Agency Installment Payment Date, to the extent that amounts remain in such Fund after such Installment Payment is made, to pay Additional Costs or for any other lawful purpose of the State Treasurer. Amounts in the Agency Installment Payment Fund shall be invested in Qualified Investments, and shall be separately accounted for, but may be commingled with other moneys on deposit with the State Treasurer solely for investment purposes. The Local Agency shall have no right, title or interest in or to the amounts on deposit from time to time in the Agency Installment Payment Fund.

Section 3.4. No Set-Off. The obligation of the Local Agency to make Agency Installment Payments from the sources set forth herein and to perform its other obligations hereunder shall be absolute and unconditional. The Local Agency shall make Agency Installment Payments as and when the same shall become due without diminution, reduction, postponement, abatement, counterclaim, defense or set-off as a result of any dispute, claim or right of action by, against or among the State, the Corporation, the Fiscal Agent, any Agency, and/or any other Person, or for any other reason; *provided*, that nothing in this Section 3.4 shall be construed to release or excuse the State from the observance or performance of its obligations hereunder. If the State shall fail to observe or perform any such obligation, the Local Agency may institute such legal action and pursue such other remedies against the State as the Local Agency deems necessary or desirable, including, but not limited to, actions for specific performance, injunction and/or the recovery of damages.

Section 3.5. Assignments by the Corporation. The Local Agency acknowledges and agrees that, concurrently with the execution and delivery hereof, the Corporation will unconditionally grant, sell, assign, transfer and convey to the Fiscal Agent without recourse (i) all of its rights to receive the Installment Payments under and pursuant to the Master Financing Contract, (ii) all of its remaining right, title and interest in, to and under the Master Financing Contract and this Agency Financing Contract, and in and to the Property (including any security interest therein), including but not limited to its right to take all actions and exercise all remedies under and pursuant to the Master Financing Contract, pursuant to the Master Assignment in consideration for the payment by the Fiscal Agent to the State Treasurer, as agent of the Corporation, of the proceeds of the sale of the Certificates. The State and the Corporation have acknowledged and agreed that such grant, sale, assignment, transfer and conveyance by the Corporation is intended to be a true sale of the Corporation's right, title and interest, and that upon such grant, sale, assignment, transfer and conveyance, the Corporation shall cease to have any rights, duties or obligations under the Master Financing Contract or with respect to the Property, and the Fiscal Agent shall thereafter have all the rights, duties and obligations of the Corporation thereunder as if the Fiscal Agent had been the original party thereto, and, except where the context otherwise requires, every reference therein to the Corporation shall be deemed and construed to refer to the Fiscal Agent. Anything herein or therein to the contrary notwithstanding, such grant, sale, assignment, transfer and conveyance shall not confer any rights or impose any duties or obligations on the Fiscal Agent other than as expressly set forth in the Trust Agreement and the Master Assignment.

ARTICLE IV
OPTIONAL AND MANDATORY PREPAYMENT OF AGENCY INSTALLMENT
PAYMENTS

Section 4.1. Optional Prepayment.

(a) The Local Agency may, at its option, prepay all or any portion of its Agency Installment Payments then unpaid, in whole or in part on any date, by causing to be deposited with the State Treasurer money and/or Government Obligations in an amount sufficient for the State Treasurer to prepay or defease the portion of its Installment Payments corresponding thereto in accordance with Subsection 4.1(a) or 4.1(b) of the Master Financing Contract, and to pay any Additional Costs in connection therewith.

(b) The Local Agency shall provide the State Treasurer with not less than 60 days' prior written notice of its intention to prepay any of its Agency Installment Payments, which notice shall specify the date of the date of such prepayment, and the amount and the Agency Installment Payment Dates of the Agency Installment Payments to be prepaid. The State Treasurer shall notify the Local Agency within fifteen (15) Business Days after receipt of such notice from the Local Agency as to the amount required to be paid in connection with such prepayment or defeasance of the corresponding Installment Payments, including any Additional Costs in connection therewith. The determination by the State Treasurer of the amount to be paid by the Local Agency shall be binding and conclusive against such Local Agency, absent manifest error.

Section 4.2. Revision of Agency Installment Payments upon Optional Prepayment. The Principal Components and Interest Components of the Agency Installment Payments due on each Agency Installment Payment Date on and after the date of any prepayment pursuant to Section 4.1 hereof, as set forth in Exhibit D hereto, shall be reduced by the State Treasurer to reflect such prepayment, in such amounts and on such Agency Installment Payment Dates as the Local Agency shall elect in its written notice to the State Treasurer, pursuant to Section 4.1(b) hereof.

Section 4.3. Discharge of Agency Financing Contract. All right, title and interest of the State herein and all obligations of the Local Agency hereunder shall cease, terminate, become void and be completely discharged and satisfied (except for the right of the State Treasurer and the Fiscal Agent, as assignee of the Corporation, and the obligation of the Local Agency to have the moneys and Government Obligations so set aside applied to make the remaining Agency Installment Payments) when either:

(a) all Agency Installment Payments and all Additional Costs and other amounts due hereunder have been paid in accordance herewith; or

(b) (i) the Local Agency shall have delivered a written notice to the State Treasurer of its intention to prepay all of the Agency Installment Payments remaining unpaid; (ii) the Local Agency shall have caused to be deposited with the State Treasurer (A) moneys and/or Government Obligations in accordance with Section 4.1 hereof; and (B) an Opinion of Counsel to the effect that such actions are permitted hereunder, under the Master Financing Contract and

under the Trust Agreement and will not cause interest evidenced and represented by the Certificates to be includable in gross income for federal income tax purposes under the Code; and (iii) for so long as any Agency Installment Payments remain unpaid, provision shall have been made satisfactory to the Corporation and the Fiscal Agent for payment of all Additional Costs.

ARTICLE V REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS

Section 5.1. Representations and Warranties of the Local Agency. The Local Agency represents and warrants as follows:

- (a) The Local Agency is a “Local Agency” within the meaning of the Act, duly organized and validly existing under the Constitution and laws of the state of Washington.
- (b) The Local Agency is authorized under the laws of the state of Washington and its Charter or other constituent document, if any, to enter into and perform its obligations under this Agency Financing Contract.
- (c) Neither the execution and delivery by the Local Agency of this Agency Financing Contract, nor the observance and performance of the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or constitutes a breach of or default under any agreement or instrument to which the Local Agency is a party or by which the Local Agency or its property is bound, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon the Property, except as expressly provided in this Agency Financing Contract and the Master Financing Contract.
- (d) The Local Agency has duly authorized, executed and delivered this Agency Financing Contract.
- (e) This Agency Financing Contract is a valid and binding obligation of the Local Agency, enforceable against it in accordance with its terms, except as such enforceability may be affected by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.
- (f) The Property to be financed and acquired pursuant to this Agency Financing Contract is essential to the Local Agency’s ability to carry out its governmental functions and responsibilities, and the Local Agency expects to make immediate and continuing use of such Property during the term of this Agency Financing Contract.
- (g) The useful life of the Property is equal to or exceeds the term hereof.
- (h) The obligations of the Local Agency under this Agency Financing Contract, together with all other outstanding indebtedness of the Local Agency, do not exceed any statutory or constitutional debt limit applicable to the Local Agency.

(i) The Local Agency makes no representation or warranty regarding the perfection of any security interest in the Property, the Master Financing Contract or this Agency Financing Contract for the benefit of the Corporation or the Fiscal Agent, as assignee of the Corporation.

Section 5.2. Covenants and Agreements of the Local Agency. The Local Agency covenants and agrees as follows:

(a) *Preservation of Existence.* The Local Agency will do or cause to be done all things necessary to preserve its existence as a Local Agency within the meaning of the Act.

(b) *Budget.* The Local Agency shall take such action as may be necessary to include all the Agency Installment Payments and Additional Costs due hereunder in its annual budget and to make the necessary annual appropriations for all such Agency Installment Payments and Additional Costs.

(c) *Tax-Exemption.* The Local Agency shall not make any use of the proceeds of this Agency Financing Contract or the Certificates or of any other amounts, regardless of the source, or of any property, and shall not take or refrain from taking any action, that would cause the Master Financing Contract or the Certificates to be “arbitrage bonds” within the meaning of Section 148 of the Code. The Local Agency shall not use or permit the use of the Property or any part thereof by any Person other than a “governmental unit” as that term is defined in Section 141 of the Code, in such manner or to such extent as would result in the loss of the exclusion from gross income for federal income tax purposes of the Interest Component of the Installment Payments under Section 103 of the Code. The Local Agency shall not make any use of the proceeds of this Agency Financing Contract or the Certificates or of any other amounts, and shall not take or refrain from taking any action, that would cause the Master Financing Contract or the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code, or “private activity bonds” within the meaning of Section 141 of the Code, or “hedge bonds” within the meaning of Section 149 of the Code. To that end, for so long as any Agency Installment Payments remain unpaid, the Local Agency, with respect to such proceeds and other amounts, will comply with all requirements under such Sections and all applicable regulations of the United States Department of the Treasury promulgated thereunder. The Local Agency will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the Interest Components of the Installment Payments will not be included in gross income of the Owners of the Certificates for federal income tax purposes under the Code, and will take no action that would result in such interest being so included. The Local Agency shall comply with the applicable provisions of the Tax Certificate and Agreement.

(d) *Duties Imposed by Law.* To the extent permitted by law, the covenants, agreements and other obligations on the part of the Local Agency contained herein shall be deemed and construed to be ministerial and non-discretionary duties imposed by law, and it shall be the duty of the Local Agency and each and every public official to take such actions and to do such things as are required by law in the performance of the official duties of such officials to enable the Local Agency to observe and perform the covenants, agreements, terms, conditions and other obligations contained herein to be observed and performed by the Local Agency.

(e) *Liens; Sale or Disposal.* The Local Agency shall not create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, except the rights of the Corporation as provided herein and in the Master Financing Contract. The Local Agency shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Local Agency shall not grant, sell, transfer, assign, pledge, convey or otherwise dispose of any of the Property or any interest therein during the term of this Agency Financing Contract, and any such attempted grant, sale, transfer, assignment, pledge, conveyance or disposal shall be void.

(f) *Performance.* The Local Agency shall punctually pay the Agency Installment Payments and any Additional Costs in strict conformity with the terms and provisions hereof, and will faithfully observe and perform all the covenants, agreements, terms, conditions and other obligations contained herein required to be observed and performed by the Local Agency. The Local Agency will not suffer or permit any default to occur hereunder, or do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted, or any such omission or refraining from doing anything, would or might be grounds for acceleration or termination of this Agency Financing Contract. The Local Agency will not terminate this Agency Financing Contract for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Property, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of the State, or any failure by the State or the Corporation to observe or perform any covenant, agreement, term, condition or other obligation contained herein or in the Master Financing Contract required to be observed and performed by it, whether express or implied, or the bankruptcy, insolvency, liquidation or reorganization of the Corporation. The Local Agency assumes the entire risk of loss, from any and every cause whatsoever, to the Property.

(g) *Further Assurances.* The Local Agency will preserve and protect the rights of the State Treasurer hereunder, and will warrant and defend such rights against all claims and demands of all Persons. The Local Agency will promptly execute, make and deliver any and all further assurances, instruments and agreements, and do or cause to be done such other and further things, as may be necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming to the State Treasurer the rights and benefits provided to it hereunder.

(h) *Pledge of Funds and Credit of Local Agency.* The obligations of the Local Agency under this Agency Financing Contract constitute a debt and a general obligation of the Local Agency, and a contracting of an indebtedness by the Local Agency, to which the full faith and credit of the Local Agency are hereby pledged. If and to the extent authorized by law, the Local Agency hereby covenants and agrees that it will levy taxes in such amounts and at such times as shall be necessary, within and as a part of the tax levy, if any, permitted to the Local Agency without a vote of its electors, to provide funds, together with other legally available moneys, sufficient to make the Agency Installment Payments and the other payments required under this Agency Financing Contract.

(i) *Use of Property.* During the term of this Agency Financing Contract, the Local Agency will use the Property for the purposes of performing one or more of its essential governmental functions or responsibilities. The Local Agency will not permit the Property to be used or operated other than by authorized employees, agents and contractors of the Local Agency.

(j) *Notice of Nonpayment.* The Local Agency shall give written notice to the State Treasurer, the Corporation and the Fiscal Agent, as assignee of the Corporation prior to any Agency Installment Payment Date if the Local Agency knows prior to such date that it will be unable to make the Agency Installment Payment due on such date, or any portion thereof.

(k) *Financial Statements.* The Local Agency shall prepare annual financial statements and obtain audits thereof as required by law. Upon the Written Request of the State Treasurer, the Local Agency shall provide the State Treasurer with a copy of its most recent audited and unaudited financial statements.

(l) *Use; Repairs.* For so long as the Local Agency is in possession of the Property, the Local Agency shall be solely responsible for the maintenance and repair, both ordinary and extraordinary, thereof. The Local Agency will (i) keep and maintain the Property in good repair, working order and condition, and protect the same from deterioration other than normal wear and tear; (ii) cause the Property to be used within its normal capacity, in the manner contemplated by the manufacturer's specification, and in compliance with the requirements of applicable laws, ordinances and regulations, the requirements of any warranties applicable thereto, and the requirements of any insurance or self-insurance program required under Subsection 5.2(q) hereof; (iii) cause the Property to be used and operated by or under the direction of competent persons only, and obtain all registrations, permits and licenses, if any, required by law for the operation of the Property; and (iv) will pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance of the Property. The Local Agency, at its expense, will furnish all parts, mechanisms and devices required to operate and maintain the Property.

(m) *Alterations.* The Local Agency will not make any alterations, additions or improvements to the Property without the prior written consent of the State Treasurer unless such alterations, additions or improvements (i) maintain or increase the value of the Property; or (ii) may be readily removed without damage to the Property. All such alterations, additions or improvements shall be deemed to be a part of the Property and shall be subject to the terms and provisions of this Agency Financing Contract.

(n) *Location; Inspection.* The Property will be located within the State. The State Treasurer, the Corporation and the Fiscal Agent, as assignee of the Corporation, will be entitled to inspect the Property during regular business hours upon at least one (1) Business Day's prior notice. The Local Agency hereby acknowledges, and consents and agrees to, the right of the State Treasurer, the Corporation and the Fiscal Agent to so inspect the Property.

(o) *Impositions and Charges.* If during the term of this Agency Financing Contract, any Imposition is imposed or incurred in connection with the sale and purchase of the Property by the Corporation to the State, or by the State to the Local Agency, or the ownership, operation, possession or use of the Property by the Corporation, the State or the Local Agency, or the

payment of the Agency Installment Payments by the Local Agency, or the payment of the Installment Payments payable therefrom by the State, or any fines, penalties or interest imposed on or with respect to any of the foregoing, the Local Agency shall pay all such Impositions and charges when due. The Local Agency at its own expense may contest any such Impositions and charges until it obtains a final administrative or judicial determination with respect thereto, unless the Property is encumbered by any levy, lien or any other type of encumbrance because of the Local Agency's failure to pay such Impositions or charges. If the State Treasurer or the Corporation pays any such Impositions or charges for which the Local Agency is responsible or liable hereunder, the Local Agency shall reimburse the State Treasurer or the Corporation therefor as Additional Costs hereunder. If the State Treasurer or the Corporation pay any such impositions or charges for which the Local Agency is responsible or liable hereunder, the Local Agency shall reimburse the State Treasurer or the Corporation therefor as Additional Costs hereunder. The Local Agency shall hold harmless the State Treasurer and the Corporation from and against all such Impositions and charges during the term of this Agency Financing Contract.

(p) *Risk of Loss; Damage; Destruction; Condemnation.* The Local Agency assumes all risk of loss of or damage to the Property from any cause whatsoever, and the obligation of the Local Agency to pay the Agency Installment Payments or to perform any other obligation under this Agency Financing Contract shall in no way be released, discharged or otherwise affected for any reason, including without limitation (i) any defect in the condition, quality or fitness for use of, or title to, any portion of the Property, or (ii) any damage to, or abandonment, destruction, requisition, condemnation or taking of any portion of the Property. In the event of damage to any item of the Property, the Local Agency will immediately place the same in good repair, working order and condition as required by Subsection 5.2(l) hereof. If the Local Agency determines that any item of Property is lost, stolen, destroyed or damaged beyond repair, the Local Agency will either (x) replace the same with equipment of equivalent value and usefulness in good repair in accordance with Subsection 2.1(c) hereof, or (y) prepay all of its obligations for Agency Installment Payments and terminate its obligations hereunder in accordance with Subsection 4.3(b) hereof.

(q) *Insurance.*

(i) The Local Agency shall maintain, or cause to be maintained, in full force and effect, comprehensive general liability insurance with respect to the Property in such amounts as may be reasonably determined by the Local Agency from time to time but in any event not less than \$1,000,000 per occurrence, or such greater amount as the State Treasurer may reasonably require from time to time. Such insurance may be carried under a blanket policy with umbrella coverage. Such insurance shall cover any and all liability of the Local Agency and its officials, officers, employees and volunteers. Such insurance shall include (A) coverage for any accident resulting in personal injury to or death of any person and consequential damages arising therefrom; and (B) comprehensive property damage insurance.

(ii) The Local Agency shall maintain or cause to be maintained in full force and effect fire and extended coverage insurance covering the Property in such amounts and covering such risks as the Local Agency may reasonably determine from time to time but in any event not less than the aggregate amount of Agency Installment Payments due

hereunder which remain unpaid. Such insurance may be carried under a policy or policies covering other property of the Local Agency. In the alternative, the Local Agency may assume financial responsibility for any physical damage to and/or loss of the Property; *provided, however*, that if the Local Agency elects this option, the Local Agency hereby covenants and agrees that it will promptly repair or replace the Property promptly upon any loss or damage thereto.

(iii) The insurance required under paragraphs (i) and (ii) above: (A) shall be provided by a financially responsible insurance company authorized to do business in the State; (B) shall name the State, the Corporation and the Fiscal Agent, as assignee of the Corporation, as additional insureds thereunder; (C) shall provide that the same may not be canceled or given notice of non-renewal, nor shall the terms of conditions thereof be altered, amended or modified, without at least 45 days' prior written notice being given by the insurer to the State Treasurer, the Corporation and the Fiscal Agent as assignee of the Corporation; and (D) may be provided in whole or in part through a funded program of selfinsurance reviewed at least annually by an insurance actuary.

(iv) A certificate of insurance with respect to the required coverages shall be provided by the Local Agency to the State Treasurer on or prior to the date of delivery of the Personal Property Certificate to the State Treasurer.

(v) The Local Agency will pay or cause to be paid when due the premiums for all insurance policies required by this Section 5.2(q).

ARTICLE VI EVENTS OF DEFAULT; REMEDIES

Section 6.1. Agency Event of Default. Each of the following shall constitute an "Agency Event of Default" hereunder:

(a) Failure by the Local Agency to pay or cause to be paid any Agency Installment Payment required to be paid hereunder within ten (10) Business Days of the respective Agency Installment Payment Date;

(b) Failure by the Local Agency to observe or perform any covenant, agreement, term or condition on its part to be observed or performed hereunder, other than as set forth in paragraph (a) above, for a period of thirty (30) days after written notice from the State Treasurer or the Fiscal Agent to the Local Agency specifying such failure and requesting that it be remedied; *provided, however*, that such period shall be extended for not more than sixty (60) days if such failure cannot be corrected within such period, and the corrective action is commenced by the Local Agency within such period and diligently pursued until the failure is corrected;

(c) If any statement, representation, or warranty made by the Local Agency in this Agency Financing Contract or in any writing delivered by the Local Agency pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect; and

(d) Inability of the Local Agency to generally pay its debts as such debts become due, or admission by the Local Agency in writing of its inability to pay its debts generally or the making by the Local Agency of a general assignment for the benefit of creditors, or the institution of any proceeding by or against the Local Agency seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, reimbursement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or for appointment of a receiver, trustee, or other similar officer of it or any substantial part of its property, or the taking of any action by the Local Agency to authorize any of the actions set forth above in this Section 6.1(d).

Notwithstanding the foregoing provisions of this Section 6.1, if by reason of *force majeure* the Local Agency is unable in whole or in part to carry out the covenants, agreements, terms and conditions on its part contained in this Agency Financing Contract, the Local Agency shall not be deemed in default during the continuance of such inability. The term "*force majeure*" means the following: acts of God; strikes; lockouts or other industrial disturbances or disputes; acts of public enemies; orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or of its civil or military authorities; orders or restraints of the State or of any of its departments, agencies or officials or civil or military authorities of the State; wars, rebellions, insurrections; riots; civil disorders; blockade or embargo; landslides; earthquakes; fires; storms; droughts; floods; explosions; or any other cause or event not within the control of the Local Agency.

The State Treasurer, with the prior written consent of the Fiscal Agent, may, at its election, waive any default or Agency Event of Default and its consequences hereunder and annul any notice thereof by written notice to the Local Agency to such effect, and thereupon the respective rights of the Parties hereunder shall be as they would have been if such default or Agency Event of Default had not occurred.

Section 6.2. Rights of State Treasurer Following Agency Default Event. Upon the occurrence and continuance of an Agency Default Event, the State, at its option, may exercise any one or more of the following remedies:

(a) By written notice to the Local Agency, require that the Local Agency promptly return possession and use of the Property to the State at any location specified in the United States (at the cost and expense of the Local Agency) in good repair, working order and condition, ordinary wear and tear excepted;

(b) By written notice to the Local Agency and the Fiscal Agent, declare an amount equal to all Agency Installment Payments to become due and payable hereunder, including but not limited to the Interest Components thereof accrued and unpaid, to be immediately due and payable, without further demand;

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the Agency Installment Payments then due and thereafter becoming due, or to enforce the observance or performance of any covenant, agreement or obligation of the Local Agency under this Agency Financing Contract; and

(d) exercise any other rights or remedies it may have hereunder or under applicable law.

Section 6.3. No Remedy Exclusive; Non-Waiver. No remedy conferred upon or reserved to the State hereunder or under applicable law is intended to or shall be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agency Financing Contract or now or hereafter existing at law or in equity. No delay or omission to exercise any right or remedy accruing upon a default or an Agency Event of Default hereunder shall impair any such right or remedy or shall be construed to be a waiver of such default or Agency Event of Default, but any such right or remedy may be exercised from time to time and as often as may be deemed necessary or expedient. In order to exercise any remedy reserved to the State hereunder, it shall not be necessary to give any notice, other than such notice as may be required hereunder. A waiver by the State of any default or Agency Event of Default hereunder shall not constitute a waiver of any subsequent default or Agency Event of Default hereunder, and shall not affect or impair the rights or remedies of the State in connection with any such subsequent default or Agency Event of Default.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1. No Local Agency Assignment. The Local Agency may not grant, sell, assign, transfer, convey, pledge, hypothecate or grant any security interest in any of its right, title or interest in, to or under this Agency Financing Contract. Any attempted grant, sale, assignment, conveyance, pledge, hypothecation or security interest shall be void.

Section 7.2. Indemnification of State and the Corporation. To the extent permitted by law, the Local Agency hereby releases the State and the Corporation from, agrees that the State and the Corporation shall not be liable for, and agrees to indemnify and hold the State and the Corporation and their respective directors, officers, officials, employees, and agents harmless from, any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever arising out of the ownership or operation of the Property or the acquisition, financing or refinancing thereof. The Local Agency agrees to indemnify and hold the State and the Corporation and their respective directors, officers, officials, employees, and agents harmless from any losses, costs, charges, expenses (including reasonable attorneys' fees), judgments and liabilities incurred by it or them, as the case may be, in connection with any action, suit or proceeding instituted or threatened in connection with the transactions contemplated by this Agency Financing Contract or the exercise of rights or the performance of duties of the State or the Corporation under this Agency Financing Contract, the Master Financing Contract or the other Series 200__ Agreements to which each of them is a Party, except to the extent caused by the gross negligence or willful misconduct of such indemnified party. The indemnification provided in this Section 7.2 shall survive the final payment of the Agency Installment Payments and the termination of this Agency Financing Contract for any reason.

Section 7.3. Third Party Beneficiaries. The Corporation and the Fiscal Agent, as assignee of the Corporation, shall be third party beneficiaries of this Agency Financing Contract.

Certificate Designating Authorized Agency Representatives

I, Pete Kmet, Mayor of the City of Tumwater (the "Local Agency"), hereby certify that, as of the date hereof, pursuant to Ordinance No. O2014-027, the following individuals are each an "Authorized Agency Representative," as indicated by the title appended to each signature, that the following individuals are duly authorized to execute and deliver the Local Agency Financing Agreement to which this Certificate is attached as Exhibit C, and all documentation in connection therewith, including but not limited to the Personal Property Certificate(s) attached thereto as Exhibit B, that the signatures set forth below are the true and genuine signatures of said Authorized Agency Representatives and that pursuant to such ordinance, one of the following signatures is required on each of the aforementioned documents in order to consider such documents executed on behalf of the Local Agency:

Kristy Wolf
(signature)

Kristy Wolf, Interim Finance Director

Maria Pierce
(signature)

Maria Pierce, Accounting/Utility Manager

Dated this 16th day of December, 2014.

Pete Kmet

Pete Kmet, Mayor
City of Tumwater

SUBSCRIBED AND SWORN TO before me this 19th day of December, 2014.



By: Melody R. Valiant
NOTARY PUBLIC in and for the State of
Washington, residing at:
Tumwater, WA
Printed Name: Melody R. Valiant
My Commission Expires: 04-23-2018

Amended
Declaration of Official Intent to Reimburse Expenditures
from Proceeds of Bonds

I, the undersigned Pete Kmet, am the duly elected mayor of the City of Tumwater (the "City"), and as such, have been designated by the City, pursuant to Resolution R96.006, to make declarations of official intent on behalf of the City when necessary or appropriate for any purpose under, and in compliance with, the requirements of certain federal regulations (the "federal reimbursement regulations") relating to the use of proceeds of tax exempt bond or other obligations ("bonds" to reimburse the City for capital expenditures and certain extraordinary working capital expenditures made by the City before the issue date of the bonds. On behalf of the City, on August 19, 2014, I made a declaration of official intent under the federal reimbursement regulations and by this Amended Declaration, I make the following amendment:

1. Maximum principal amount of obligations expected to be issued for the Project. The City expects that the maximum principal amount of bonds that will be issued to finance the Project will be \$1,000,000.
2. Date of amended declaration. This amended declaration of official intent is dated December 16, 2014.

CITY OF TUMWATER



Pete Kmet, Mayor

**Declaration of Official Intent to Reimburse Expenditures
from Proceeds of Bonds**

I, the undersigned Pete Kmet, am the duly elected Mayor of the City of Tumwater (the "City"), and as such, have been designated by City Resolution R96.006, to make declarations of official intent to make expenditures necessary or appropriate for any purpose under, and in compliance with the requirements of certain federal regulations (the "federal regulations") relating to the use of proceeds of tax exempt bond or other obligations to reimburse the City for capital expenditures and certain other expenditures made by the City before the issue date of the bonds. I make the following declaration of official intent under the federal regulations:

Original

1. Description of Project for Which Expenditures are to be made (and/or, not more than 60 days before the date of the issue of the bonds, expenditures, and reasonably expects to reimburse itself for the use of proceeds of bonds or other obligations, for the following project (the "Project"):

Energy Project - Replacing 80% of city-owned street lights, and replace multiple HVAC systems

2. Maximum principal amount of obligations expected to be issued for the Project. The City expects that the maximum principal amount of bonds that will be issued to finance the Project will be \$800,000.

3. Declaration reasonable. I have reviewed the existing and reasonably foreseeable budgetary and financial circumstances of the City and have determined that the City reasonably expects to reimburse itself for expenditures for the Project from proceeds of bonds because the City has no funds available that already are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the City for those expenditures on the Project.

4. Limitation of uses of reimbursement amounts. The City will not, within 1 year after the expected reimbursement, use amounts corresponding to proceeds received from bonds issued in the future to reimburse the City for previously paid expenditures for the Project in any manner that results in those amounts being treated as replacement proceeds of any tax exempt bonds, i.e., as a result of being deposited in a reserve fund, pledged fund, sinking fund or similar fund (other than a bona fide debt service fund) that is expected to be used to pay principal of or interest on tax exempt bonds. Nor will the City use those amounts in any manner that employs an abusive arbitrage device to avoid arbitrage restrictions.

5. Date of declaration. This declaration of official intent is dated August 19, 2014.

CITY OF TUMWATER



Pete Kmet, Mayor

Local Agency Tax Certificate (Equipment)

This Local Agency Tax Certificate is executed and delivered by the City of Tumwater (the "Local Agency") in connection with the Local Agency Financing Contract between the Local Agency and the State of Washington (the "State"), dated as of March 24, 2015, (the "Local Agency Financing Contract"), under which the Local Agency is obligated to make Agency Installment Payments, including principal components thereof in the aggregate amount of \$1,000,000, plus issuance costs allocable to the Local Agency (the "Obligations"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Local Agency Financing Contract. The Local Agency certifies, covenants, warrants and represents as follows:

ARTICLE I. IN GENERAL

1.1 **The Local Agency.** The Local Agency is a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington. The Local Agency has the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

1.2 **Purpose of Local Agency Tax Certificate.** In the future, the State intends to cause the execution and delivery of certificates of participation (the "Certificates") evidencing undivided and proportionate interests in Installment Payments of the State payable under a Master Financing Contract. A portion of the principal components of such Installment Payments are payable from the Obligations. The Local Agency is delivering this Local Agency Tax Certificate to the State with the understanding that the State will rely in part upon this Local Agency Tax Certificate in obtaining an opinion from bond counsel that the interest component of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 **Purpose of Financing.** The Obligations are being issued to finance the costs of the acquisition of 80% of city owned street lights and replace multiple HVAC systems and related equipment (the "Project"), as described in more detail in the Local Agency Financing Contract.

1.4 **Definitions.** Unless the context otherwise requires, the following capitalized terms have the following meanings:

"Code" means the Internal Revenue Code of 1986 (including amendments thereto).

"Current Revenues." See Section 2.7 hereof.

"Governmental Unit" means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

"Investment Property" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

"Nongovernmental Person" means any person or entity other than a Governmental Unit.

"Preliminary Expenditures" means architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the Obligations. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

"Tax-Exempt Bond" means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the

Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

ARTICLE II. TAX LIMITATIONS

2.1 Expenditure of Proceeds. For purposes of this Local Agency Tax Certificate, proceeds of the Obligation will be treated as spent when they are used to pay for or reimburse disbursements by the Local Agency that paid for (i) capital expenditures, (ii) any interest component of the Agency Installment Payments through the later of three years after the date hereof or one year after the Project is placed in service, or (iii) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Obligations). The State has authorized the issuance of the Certificates to finance, among other things, the costs of the Project. Absent written agreement by the State, all expenditures of proceeds of the Obligation will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Local Agency on or after the date which is sixty days prior to the date on which said authorization was adopted, or (c) other payments made by the Local Agency on or after the date hereof. In connection with all expenditures described in (b), the reimbursement allocation will be made no later than the later of 18 months after the date hereof or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

2.2 Governmental Bond Status. The Local Agency will not loan any of the proceeds of the Obligations to one or more Nongovernmental Persons. The Local Agency will not allow more than 10% of proceeds of the Obligations or more than 10% of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. A Nongovernmental Person will be treated as “using” proceeds of the Obligations to the extent the Nongovernmental Person:

- (i) borrows proceeds of the Obligations, or
- (ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.3 Change in Use. The Local Agency reasonably expects to use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Local Agency Tax Certificate for the entire stated term to maturity of the Obligations. Absent written agreement by the State, the Local Agency in fact will use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Tax Certificate.

2.4 Federal Guarantee. The Local Agency will not directly or indirectly use or permit the use of any proceeds of the Obligations or take or omit to take any action that would cause the Certificates to be obligations that are “federally guaranteed” within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Local Agency will not allow the payment of principal or interest with respect to the Obligations to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Local Agency will not use 5% or more of the proceeds of the Obligations to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.

2.5 No Refunding. Proceeds of the Obligations will not be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the Obligations.

2.6 No Hedge Bonds. The Local Agency reasonably expects that more than 85% of proceeds of the Obligations will be expended for the purposes of the Obligations within three years.

2.7 **Debt Service Funds.** Payments of debt service on the Obligations generally are expected to be derived from current revenues of the Local Agency in each year, and Current revenues are expected to equal or exceed debt service on the Obligations during each payment period. Revenues actually used in less than six months from the date first received to pay debt service on Obligations are referred to herein as "Current Revenues." The account, or portion thereof, used by the Local Agency to pay debt service on the Obligations will be used primarily to achieve a proper matching of revenues and debt service within each year. To the extent of Current Revenues, such account in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such account for the immediately preceding year or 1/12 of the debt service in respect of the Obligations for the immediately preceding year. Current Revenues contributed to such account will be spent within thirteen months after the date of such contribution, and any amounts received from the investment or reinvestment of monies held in such funds will be expended within one year after the date of accumulation thereof in any such fund. Current Revenues in such account shall be invested without regard to yield. Revenues other than Current Revenues will not be invested in Investment Property with a yield exceeding the yield on the Obligations.

2.8 **No Other Replacement Proceeds.** The Local Agency will not use any proceeds of the Obligations directly or indirectly to replace funds of the Local Agency which are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Obligations. The weighted average maturity of the Obligations does not exceed 120% of the expected weighted average economic useful life of the Project.

2.9 **No Expected Sale.** It is not expected that the Project or any part thereof will be sold or otherwise disposed of before the maturity date of the Obligations.

ARTICLE III. OTHER MATTERS

3.1 **Expectations.** The undersigned is an authorized representative of the Local Agency acting for and on behalf of the Local Agency in executing this Local Agency Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

3.2 **Amendments.** Notwithstanding any other provision of this Local Agency Tax Certificate, the Local Agency may amend this Local Agency Tax Certificate and thereby alter any actions allowed or required by this Local Agency Tax Certificate if such amendment is signed by an authorized officer and is supported by formal written agreement by the State.

3.3 **Survival of Defeasance.** Notwithstanding any provision in this Local Agency Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Local Agency Tax Certificate shall survive defeasance or prepayment of the Obligations.

3.4 **Effective Date.** This Local Agency Tax Certificate is dated and effective as of the Dated Date.

Dated: December 16, 2014.

By _____
Kristy Wolf, Interim Finance Director